



IOWA FINANCE
AUTHORITY

Military Homeownership Assistance Program Overview

September 9, 2015

Military Home Ownership Assistance Program

Background

- \$5,000 grant for down payment and closing costs to purchase a primary residence in Iowa
- Funded by the Iowa legislature annually since 2005
- Eligibility and administrative requirements set by legislature
- Jointly administered jointly by IFA and the Veteran's Administration



Military Home Ownership Assistance Eligibility

- No maximum income limit
- No purchase price maximum limit
- Can be used with IFA First Mortgage Financing or another loan product.
- Must use an IFA participating or facilitating lender



Military Home Ownership Assistance Grant Terms

- Not a loan, no lien
- No increase in interest rate
- No repayment requirement
- No minimum homebuyer contribution
- Can be coupled with “Plus” Grant
- Can be combined with Take Credit! MCC

Military Home Ownership Assistance

Borrower Eligibility

- Served 90 days active duty between **August 2, 1990 and April 6, 1991*** or September 11, 2001 to present, OR
- Injured service person serving between dates above, OR
- Surviving spouse of eligible service person serving between dates above
- One time use, max of \$5,000 per purchase (one eligible borrower per transaction)

*** Dates in red added by legislature effective July 1, 2014**

Military Home Ownership Assistance

Property Eligibility

Eligible Properties

- Primary residence in Iowa
- Immediate occupancy
- 1-4 family residential property
- Habitable – safety & soundness

Military Home Ownership Assistance

Ineligible Properties

- Multifamily (5 or more units)
- Commercial/non-residential property
- Farmland
- Mobile homes not affixed to permanent foundation, not taxed as real property
- Investment property
- Recreational vehicles



Military Home Ownership Assistance (MHOA)

Eligible Financing

Borrowers who qualify for an IFA loan must use one of the following:

- IFA Mortgage - Homes for lowans or FirstHome
- Other permanent, fixed rate, fully amortizing loan which is at least .25 bps lower APR than an IFA Loan

Borrowers who do **not** qualify for an IFA loan:

- Lender must provide proof of ineligibility and the loan must be a permanent, fixed rate, fully amortizing mortgage loan

Note: For comparison of “lower cost” use Bankrate.com and include all closing costs per the GFE. Compare rates as of the date of latest GFE.

Military Home Ownership Assistance (MHOA)

Application Process

1. Borrower requests from Participating Lender when applying for loan
2. Lender locks funds with IFA in online lender portal for up to 60 days once purchase agreement is executed
3. Lender uploads eligibility documents to IFA
4. IFA issues grant approval & funding commitment *prior to close
5. Lender closes loan and funds grant at closing
6. Lender uploads reimbursement request to IFA & Servicer
7. IFA reimburses lender for eligible expenses

*IFA will not fund any grants that were not approved in writing by IFA prior to closing.

Military Home Ownership Assistance

- Military Documentation
 - DD-214 (Member 2 or higher)
 - If active duty – 4 months leave and earning statement
 - Current Government issued ID
- Bonafide Purchase Agreement
- Executed Military Grant & Agreement
- Appraisal
- 1003 Application
- Other as required by VA



Military Homeownership Assistance

Eligible Costs

May be used for Down Payment & Reasonable and Customary Closing Costs

May not be used for:

- Costs deemed not reasonable or customary
- Principal reduction
- Satisfaction of other debts or liens
- Costs paid by another source such as:
 - Closing costs paid by seller
 - Other grant funds
- Cash back to borrower
- Purchase of personal property or additional real estate
 - Lender must prove that borrower has personal funds in the closing to cover the equivalent value as provided by an independent third party valuation (i.e. Craigslist, etc.)

Military Homeownership Assistance Program

Eligible & Ineligible Transaction Costs

Third party fees **eligible** for closing cost assistance from IFA include:

- RE broker: commission, buyer & seller administrative/settlement (Not “closing”)
- In connection with the loan: credit report, appraisal, appraiser re-inspection, flood certification & monitoring fees, DO/DU/LP to Fannie/Freddie & HBE
- Paid in advance: interim interest, insurances/guaranty premiums,
- Reserves: insurance
- Title charges: Title Guaranty (only), settlement agent of record on HUD-1 up to \$450, title services (attorney, abstracting)
- Recordation and documentary stamp fees
- Termite, plat survey
- Tax Service fee \$59 ONLY IF shown as payable to IHFA
- Secondary Market Fee if conventional – per rate sheet
- Inspections

Allowed but not eligible for closing cost assistance from IFA:

- Repairs or work escrows
- Tax Service fee not payable to IHFA

Fees **Not** Permitted:

- Origination greater than the allowable 1%, commitment, processing, and underwriting (except LP or DU) fees or discount points

NOTE: Lender fee income is equal to IFA servicing release premium as listed in Exhibit A of the MOA and up to 1% origination fee and the allowed \$450 settlement fee payable to the closing/settlement agent of record on the HUD-1

Military Homeownership Assistance Program

Funding & Reimbursement

- \$2.5 million appropriated for FY16 beginning July 1, 2015
- If funds run out before end of Fiscal Year; applicants are wait-listed for future appropriations
- All grants must be approved prior to closing to be eligible for reimbursement
- Reimbursements made by Master Servicer once weekly via ACH

